

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-10 ISO-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01

/175 W

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R 101537Z APR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1701

INFO AMEMBASSY TEHRAN

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY ANKARA

AMEMBASSY TOKYO

C O N F I D E N T I A L BONN 05792

STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG, GW, IR

SUBJECT: STATUS OF GERMAN NEGOTIATIONS FOR IMPORTS  
OF NATURAL GAS FROM IRAN

REF: TEHRAN 2612 (NOTAL)

1. ACCORDING TO OUR FRG SOURCES, THE GERMAN FIRM  
RUHRGAS HAS SIGNED A LETTER OF INTENT WITH THE  
NATIONAL IRANIAN GAS COMPANY (NIGC) FOR THE PURCHASE  
OF 13 BILLION CUBIC METERS OF NATIONAL GAS ANNUALLY.  
RUHRGAS, WHICH IS THE LEADING FIRM IN A CONSORTIUM  
INCLUDING GAZ DE FRANCE AND ENI, HAS SENT A DRAFT  
CONTRACT TO NIGC PROPOSING THAT IT TAKE DELIVERY  
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OF THE GAS ON THE SOVIET BORDER AT ASTARA. THE

QUESTION OF PRICE REMAINS OPEN ALTHOUGH THE GERMANS HAVE MADE IT CLEAR THAT THE PRICE MUST BE LOW ENOUGH SO THAT THE GAS CAN BE SOLD COMPETITIVELY ON THE EUROPEAN MARKET. RUHRGAS OFFICIALS PLAN TO TRAVEL TO TEHRAN AT THE END OF APRIL TO DISCUSS THE NIGC REACTION TO THE DRAFT CONTRACT.

2. NEGOTIATIONS WITH THE RUSSIANS ARE NOT AS FAR ADVANCED ALTHOUGH NOVIKOW HAS AGREED IN PRINCIPLE TO ARRANGING DELIVERY TO WEST GERMANY. THE TWO PRINCIPAL ALTERNATIVES UNDER CONSIDERATION ARE A. A SWAP ARRANGEMENT WHEREBY IRANIAN GAS WOULD BE PIPED TO THE UKRAINE AND SOVIET GAS COULD BE DELIVERED TO GERMANY AND B. A PIPELINE FROM IRAN TO BE CONNECTED INTO A NEW SOVIET PIPELINE RUNNING FROM THE GAS FIELDS IN THE ORENBURG AREA THROUGH CZECHOSLOVAKIA TO THE FRG. ANOTHER ISSUE TO BE NEGOTIATED IS THE FORM AND AMOUNT OF PAYMENT FOR THE SOVIET'S DELIVERY SERVICE. A CASH PAYMENT AND PAYMENT IN KIND (3 BILLION CUBIC METERS YEARLY) ARE BOTH UNDER CONSIDERATION. THE SOVIETS ARE INSISTING ON A TRILATERAL NEGOTIATION INCLUDING THE FRG AND IRAN. THE FRG PREFERS TO KEEP THE NEGOTIATION ON A BILATERAL (GERMANY-IRAN; GERMANY-USSR) BASIS BUT OUR SOURCES FEEL THEY HAVE NO CHOICE BUT TO ACCEED TO THE SOVIET WISHES.

3. AS REPORTED IN REFTTEL, THE SAME CONSORTIUM IS NEGOTIATING A SECOND PROJECT FOR GAS DELIVERIES THROUGH TURKEY BUT IN THIS CASE ENI IS THE LEADING FIRM. OUR SOURCES CHARACTERIZE THE SHAH'S PROPOSAL FOR A PIPELINE RUNNING THROUGH TURKEY AND THE BALKANS TO WESTERN EUROPE AS ECONOMICALLY AND POLITICALLY UNFEASIBLE. THE PREFERRED ALTERNATIVE IS A PIPELINE TO THE TURKISH PORT OF ISKENDERUN WHERE THE GAS WOULD BE LIQUIFIED AND SHIPPED ON.  
HILLENBRAND

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